



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

RECEIVED

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

MAR 01 2004

**PUBLIC SERVICE
COMMISSION**

February 27, 2004

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MAR 1 2004

Case #: 2004-00065

**PCS
FINANCIAL ANALYSIS**

Dear Mr. Dorman

Please be advised that Natural Energy Utility Corporation (NEUC) has acquired the assets of American Natural Gas Corporation (ANGC) pursuant to the Order issued in Case # 2002-00050. NEUC is adopting the Rules, Rates and Regulations enforced by ANGC pursuant to Administrative Regulation 807 KAR 5:011, Section 15(6).

Natural Energy Utility Corporation is filing its quarterly gas cost report with the Kentucky PSC. The enclosed report has a case number of 2004-00065. The calculated gas cost recovery rate enclosed in this report is \$6.3567 and the base rate is \$4.24. The minimum billing rate starting April 01, 2004 should be \$10.5967 for all MCF.

Thank you for your cooperation and please call me if you have any questions.

Sincerely



H. Jay Freeman
President

Enclosure

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

COMPONENT	UNIT	AMOUNT
EXPECTED GAS COST ADJUSTMENT (EGCA)	\$/MCF	\$5.6430
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	\$0.7137
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	\$6.3567

GCRR to be effective for service rendered from April 1, 2004 to June 30, 2004

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST (SCHEDULE II)	\$	\$490,088.91
	/ SALES FOR THE 12 MONTHS ENDED _____ Dec-03	MCF	86,849
	<hr/> = EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$5.6430

B.	REFUND ADJUSTMENT CALCULATION	UNIT	AMOUNT
	SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCHIII)	\$/MCF	\$0.00
	+ PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ SECOND PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ THIRD PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	= REFUND ADJUSTMENT (RA)	\$/MCF	\$0.00

C.	ACTUAL COST ADJUSTMENT CALCULATION	UNIT	AMOUNT
	ACTUAL COST ADJ. FOR THE REPORTING PERIOD (SCH. IV)	\$/MCF	(\$0.2360)
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0253)
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0897)
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$1.0647
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	\$0.7137

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED			Dec-03		
(1)	(2)	(3)	(4)	(5)	(6)
SUPPLIER	DTH	BTU CONVERSION FACTOR	MCF	RATE	(4)*(5) COST
North Coast Energy	0	1.0740	0	\$5.500	\$0
MARATHON PETROLEUM CORP.	87,896	1.0300	85,336	\$5.500	\$469,348
TENNESSEE GAS PIPELINE	0	1.0300		\$0.000	\$0
COLUMBIA GAS	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
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COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
KOG	0	1.1000	0	\$0.000	\$0
<i>ADJUSTMENT FOR ANTICIPATION OF DECREASED PURCHASE REQUIREMENTS</i>					
MARKETER	0	1.0350	0	\$0.00	\$0
TOTALS	87,896	1.0300	85,336	\$5.50	\$469,348.00

	UNIT	AMOUNT
TOTAL EXPECTED COST OF PURCHASES (6)	\$	\$469,348.00
/ MCF PURCHASES (4)	MCF	85,336
= AVERAGE EXPECTED COST PER MCF PURCHASED	\$/MCF	\$5.5000
* ALLOWABLE MCF PURCHASES	MCF	89,107
(MUST NOT EXCEED MCF SALES / .95)		
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$490,088.91

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Dec-03

PARTICULARS	UNIT	AMOUNT
TOTAL SUPPLIER REFUNDS RECEIVED	\$	\$0.00
+ INTEREST	\$	\$0.00
= REFUND ADJUSTMENT INCLUDING INTEREST	\$	\$0.00
/ SALES FOR 12 MONTHS ENDED	MCF	86,849
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD (TO SCHEDULE IB.)	\$/MCF	\$0.00

**SCHEDULE IV
ACTUAL ADJUSTMENT**

For the 3 month period ended:	Dec-03				
Particulars		Unit	(Oct-03)	(Nov-03)	(Dec-03)
Total Supply Volumes Purchased		Mcf	5,038	6,556	16,099
Total Cost of Volumes Purchased		\$	\$25,326	\$30,904	\$85,851
Total Sales (may not be less than 95% of supply volumes)		Mcf	4,891	6,378	15,413
Unit cost of Gas		\$/Mcf	\$5.1780	\$4.8455	\$5.5701
EGC in effect for month		\$/Mcf	\$6.0930	\$6.0930	\$6.0930
Difference [(Over-)/Under-Recovery]		\$/Mcf	(\$0.9150)	(\$1.2475)	(\$0.5229)
Actual sales during month		Mcf	4,891	6,378	15,413
Monthly cost difference		\$	(\$4,475.34)	(\$7,956.83)	(\$8,060.12)

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(\$20,492.28)
Sales for 12 Months ended	Mcf	86,849
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(\$0.2360)

FOR Entire Service Area

P.S.C. KY. NO. 2002-00192

ORIGINAL SHEET NO. 2

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. G

SHEET NO. H

RULES AND REGULATIONS

2) RATES:

The following rates are applicable for service rendered on a monthly basis:

Minimum bill: \$10.5967 - covers 0-1 MCF
Cost Per MCF: \$11.5967

A copy of the Company's billing format is attached on Sheet 21.

2(A) Any customer complaining to the Company about a bill or service shall be notified of his right to file a complaint with the PSC and with all other information required by 807 KAR 5:006(9).

3) CUSTOMER CLASSIFICATIONS:

Residential: Service to customers who consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or service including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

a) Small Commercial: up to 50MCF/day

b) Large Commercial: more than 50MCF/day

DATE OF ISSUE 05/20/02 DATE EFFECTIVE 04/01/04
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY H. JAY FREEMAN MGR. President
NAME OF OFFICER TITLE